

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE	)	
TRANSFER OF STEPP BRANCH	)	CASE NO. 2000-489
GAS COMPANY AND ALLEGED	)	
VIOLATIONS OF KRS 278.020	)	

O R D E R

Stepp Branch Gas Company (“Stepp Branch”), a Kentucky corporation that owns and operates facilities used in the distribution, sale, and furnishing of natural gas to the public for compensation in Martin County, Kentucky, is a utility subject to Commission jurisdiction. KRS 278.010(3)(b) and KRS 278.040.

KRS 278.020(4) provides that “[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission.”

The Commission has been advised of the following:

1. On or about March 31, 1998, James G. Sluss filed with the Commission on behalf of Stepp Branch a verified annual report of the utility’s operations for calendar year 1997, as required by Administrative Regulation 807 KAR 5:006, Section 3(1). The report indicated that Mr. Sluss was Stepp Branch’s sole shareholder.

2. On or about April 1, 1999, Michael Davis filed with the Commission on behalf of Stepp Branch a verified annual report of the utility’s operations for calendar

year 1998, as required by Administrative Regulation 807 KAR 5:006, Section 3(1). The report indicated that Mr. Davis and Lisa M. Davis were Stepp Branch's sole shareholders.

3. No application for the transfer of control or ownership of Stepp Branch from Mr. Sluss to Mr. Davis and Ms. Davis has been filed with the Commission.

4. This matter was severed from Case No. 2000-346 so that it could be considered in a separate proceeding.<sup>1</sup>

Based upon the information set forth above, the Commission finds that there is sufficient evidence to believe that Mr. Sluss has willfully violated KRS 278.020 by failing to obtain Commission approval for the transfer of Stepp Branch.

IT IS THEREFORE ORDERED that:

1. Mr. Sluss shall appear for a formal hearing on December 13, 2000 at 9:30 a.m., Eastern Standard Time, at the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky for the purpose of presenting evidence concerning his alleged violation of KRS 278.020(4) and (5) and of showing cause why he should not be subject to the penalties prescribed in KRS 278.990(1) for his alleged conduct.

2. Within 20 days of the date of this Order, Mr. Sluss shall respond in writing concerning the allegations contained herein.

3. Any motion requesting an informal conference with Commission Staff to consider matters which would aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

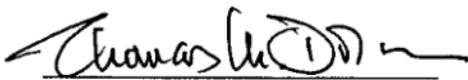
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<sup>1</sup> Case No. 2000-346, An Investigation Into the Reliability of the Natural Gas Supply for Stepp Branch Gas Company and Alleged Violations of KRS 278.300.

Done at Frankfort, Kentucky, this 16<sup>th</sup> day of November, 2000.

By the Commission

ATTEST:

  
Executive Director